

May 13, 2014

## **Operating Results and Financial Position** **For the fiscal year ended March 31, 2014**

### **1. Operating Results**

#### **< Consolidated Overview >**

In the current fiscal year, the Japanese economy recovered slowly due to improved exchange rates, a rise in stock prices, and the effects of government economic and financial policies. Overseas, Chinese economy expanded gradually. In Europe, the economy showed signs of recovery, despite the negative influence from debt problems and fiscal austerity policies in some of the countries. In the U.S., the economy continued to gradually recover.

In the midst of such circumstances, the Shimadzu Group actively implemented growth measures, such as introducing globally strategic products, strengthening the aftermarket business, and promoting local R&D and local production overseas. Moreover, we promoted the development of applications and strengthened customer support functions. We significantly expanded customer support centers for analytical and measuring instruments in Europe and North America, just as we did in China. In addition, we focused efforts on ensuring business results by expanding sales of new competitive products tailored to customer needs and other measures.

As a result, for the current fiscal year, consolidated net sales were 307,532 million yen (a year-on-year increase of 16.5%), operating income was 24,018 million yen (a year-on-year increase of 98.2%), ordinary income was 24,804 million yen (a year-on-year increase of 84.1%), and net income was 9,724 million yen (a year-on-year increase of 28.3 %).

The situation for each business segment is described below.

### **I .Analytical & Measuring Instruments**

In Japan, sales were strong in private sector markets, such as chemicals, pharmaceuticals, transportation equipment, and machinery due to the economic recovery trend. In the governmental and academic markets, sales were strong due to demand related to the government's supplementary budgets. Demand for liquid chromatographs, our strongest product line, recovered in chemical and other fields. Sales of mass spectrometers, for which we are strengthening our product line and applications, also increased. Sales for testing machines and surface analyzers were also strong, due to demand related to the government's supplementary budgets.

Overseas, overall sales increased due to strong sales in North America and Europe, new product introductions, and improved exchange rates. Sales of liquid chromatographs increased in the pharmaceutical and chemical fields in North America and Europe and in the pharmaceutical field in China. Mass spectrometer sales grew mainly for laboratory testing organizations in North America, for public sector projects and environmental fields in Europe, and for food safety fields in China. Sales of environmental analyzers increased in China, due to stricter standards for gas emissions and so on.

As a result, sales from the Analytical & Measuring Instruments business were 182,222 million yen (a year-on-year increase of 18.4%).

### **II .Medical Systems**

In Japan, sales were strong due to new product introductions and increased demand preceding the consumption tax increase. Sales were also strong for new X-ray fluoroscopy products that allow using a single system for examinations in multiple departments, such as gastrointestinal, urology, and orthopedics departments, as well as those equipped with portable FPD units for small and medium sized hospitals and clinics and fluoroscopy systems for use in surgery. Sales of digital general radiography systems grew significantly as well.

Overseas, overall sales increased due also to improved exchange rates and other factors. In North America, sales of digital general radiography systems, and so on, were strong. In China, the purchasing process is taking longer for hospitals, but sales of digital mobile X-ray systems increased and sales were strong for new X-ray fluoroscopy systems. In Europe and Southeast Asia, sales increased due partly to large-scale orders.

As a result, sales from the Medical Systems business were 62,760 million yen (a year-on-year increase of 13.9%).

### **III. Aircraft Equipment**

In Japan, sales were affected by Shimadzu being suspended from participating in contracts with the Japanese Ministry of Defense, but sales increased due partly to large-scale orders received before the suspension.

Overseas, sales increased significantly due to strong sales of passenger aircraft equipment delivered to Boeing.

As a result, sales from the Aircraft Equipment business were 26,580 million yen (a year-on-year increase of 14.9%).

### **IV. Industrial Machinery**

Sales of turbomolecular pumps increased due to second-half improvements in the semiconductor market conditions and strong sales for glass coating systems in China. Sales of glass winders increased due to strong markets for glass fiber used in smart phones in China. Sales of hydraulic equipment expanded, with strong sales in North America and China.

As a result, sales from the Industrial Machinery business were 29,504 million yen (a year-on-year increase of 20.7%)..

### **V. Other**

Sales from other business segments were 6,463 million yen (a year-on-year decrease of 13.2%).

### < Consolidated Outlook >

In Japan, the outlook is for a continued underlying gradual economic recovery, in spite of a decrease in demand expected during the first half of this fiscal year corresponding to the increased demand that preceded the consumption tax increase at the beginning of this fiscal year. Overseas, there is a certain amount of uncertainty, such as the political instability in parts of Europe and Asia and concerns about the future of the Chinese economy, however, we expect that the U.S. and other overseas markets in general will continue to recover gradually.

(In million yen)

	Outlook	
	Year ended March 31, 2015	Year on Year increase or decrease, %
Net sales		
1 <sup>st</sup> . half	141,000	2.0
Year	312,000	1.5
Operating income		
1 <sup>st</sup> . half	8,500	7.8
Year	26,000	8.2
Ordinary income		
1 <sup>st</sup> . half	8,000	-8.3
Year	25,000	0.8
Net income		
1 <sup>st</sup> . half	5,000	-30.3
Year	15,500	59.4

### I .Analytical & Measuring Instruments

In the Analytical & Measuring Instruments segment, demand is expected to expand in clinical, healthcare, and other fields. Therefore, we will focus mainly on promoting mass spectrometers. We will further expand the business by developing ultra-high sensitivity and ultra-high resolution analytical technology, strengthening products and applications capable of satisfying regulatory demand, such as demand due to regulations for food products, forensic and toxicology-related compounds, and environmental testing, and by developing high-end truly unique and number-one products, such as the imaging mass microscope released last year. In addition, we will strengthen new product development to accurately satisfy the latent market and customer needs in life science, infrastructure, alternative energy, environmental testing, and new material fields, which have been identified as key business areas. In China and other newly emerging economies, we will accelerate the introduction of low-to-middle level models and also strengthen sales channels. In the aftermarket business, we will increase customer satisfaction by offering value through a wide range of products and services, from parts, consumables, and maintenance services to management and support services, based on the operating status of various equipment in customer laboratories.

### II .Medical Systems

In the Medical Systems segment, we will improve product competitiveness and increase market share by introducing new clinical applications and image processing technologies that significantly improve the image quality of X-ray systems, and by further reducing costs. Overseas, demand is expected to expand in both developed and newly emerging economies as they continue to shift to digital X-ray systems. Therefore, we will strengthen our global deployment of such products, mainly

in the U.S. and China. In the U.S., we will expand sales by introducing new X-ray fluoroscopy and angiography systems. In China, we will expand the line of highly price-competitive products by increasing the number of locally manufactured models. We will also actively engage in developing businesses in new fields that contribute to achieving advanced medical treatments, such as systems for the early diagnosis of cancer or systems that support radiotherapy.

### **III. Aircraft Equipment**

In the Aircraft Equipment segment, we will make it our highest priority to ensure thorough compliance for the defense business. Furthermore, we will restore appropriate and healthy business operations by reassessing the organization and personnel requirements and strive to restore customer trust by fulfilling our duty as an aircraft equipment manufacturer.

To allow focusing on the commercial aircraft equipment business, which is expected to grow in the future, production capacity will be increased by building a new production plant in the U.S. and thorough cost reduction measures will be implemented in Japan and the U.S. In addition, we will expand the business scope by pursuing new projects from aircraft manufacturers such as Boeing, by establishing capabilities for expanding the aftermarket business, and so on.

### **IV. Industrial Machinery**

In the Industrial Machinery segment, we will increase the sales of turbomolecular pumps by introducing new products as soon as possible and by expanding from previous semiconductor-related markets to markets for general industrial equipment, such as glass coating systems. In addition, we will expand business and stabilize business results by further deploying the aftermarket business globally. In the solar cell markets, we will expand sales in Japan and other areas in Asia by developing a proposal-based business tailored to customer needs, such as needs for higher productivity, centering on solar cell coating systems that improve cell conversion efficiency, durability, and so on.

For the hydraulic equipment business, we will further increase market share in Japan, where demand is expected to be strong for disaster recovery and infrastructure applications, aggressively increase sales in Europe and the U.S., expand local production and develop the construction and agricultural equipment applications in China, and develop new markets in ASEAN and other newly emerging economies.

## **2. Financial Conditions**

### **<Assets at March 31, 2014>**

Over the course of the fiscal year ended March 31, 2014, total assets increased by 40,455 million yen to 340,715 million yen, reflecting increases of 23,412 million yen in trade notes and accounts receivable and 10,888 million yen in cash and time deposits.

Net assets increased by 8,565 million yen to 181,994 million yen due to a 8,506 million yen increase in the foreign currency translation adjustments.

### **<Cash Flows>**

Cash and cash equivalents increased 10,087 million yen, versus March 31, 2013, to 43,929 million.

The cash flow status for FY 2013 is described below.

#### **I. Cash Flow from Operating Activities**

Cash flow from operating activities resulted in an outflow of 5,870 million yen, which is a 17,898 million yen decrease from the previous year. The primary cash flows from operating activities include a 21,274 million yen outflow due to trade receivable increases/decreases and a 4,209 million yen inflow due to trade payable increases/decreases.

#### **II. Cash Flow from Investing Activities**

Cash flow from investing activities resulted in an inflow of 8,290 million yen, which is a 390 million yen increase from the previous year. The primary cash flows from investing activities include a 13,693 million yen inflow from selling fixed assets, a 12,465 million yen outflow from capital investment, and a 793 million yen outflow from an acquisition of investment securities.

#### **III. Cash Flow from Financing Activities**

Cash flow from financing activities resulted in an inflow of 17,765 million yen, which is a 15,363 million yen increase from the previous year. The primary cash flows from financing activities include a 16,000 million yen inflow (net) from issuing commercial paper.

### <Trend in Cash Flow Indices>

	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2014
Equity Ratio (%)	53.8	54.9	55.5	57.7	53.4
Equity Ratio on a Market Value Basis (%)	77.8	76.5	75.8	65.9	79.4
Years of Debt Redemption	2.7	1.2	3.3	2.5	-
Interest Coverage Ratio	23.8	67.5	17.1	33.3	-

Note: Equity Ratio = (net assets - shares held by minority shareholders) / total assets

Equity Ratio on a Market Value Basis (%) = Total market value of shares / total assets

Years of Debt Redemption = Interest bearing debt / cash flow from operating activities

Interest Coverage Ratio = Cash flow from operating activities / interest payments

1. All indices were calculated on a consolidated basis.
2. The total market value of shares was calculated as the product of year-end share price and the number of year-end outstanding shares (after deduction of treasury stock).
3. The cash flow from operating activities indicated on the consolidated statements of cash flows was used as the cash flow from operating activities. Interest bearing debt includes short-term loans, long-term debt, and unsecured bonds, from liabilities indicated in the consolidated balance sheet. Interest payments indicates the interest paid, as reported in consolidated statements of cash flows.

### **3. Dividend Policy and Dividends for the Fiscal Years Ended March 31, 2014 and 2015**

Shimadzu views the return of profits to shareholders as a key management objective.

We aim to maintain a stable dividend while taking ongoing earnings performance into account. We will diligently continue making every effort to improve earnings, strengthen profitability and financial health, and improve return on equity.

We will also maintain sufficient internal reserves to fund capital expenditures and R&D to provide a platform for future growth.

We paid a year-end dividend of 4.5 yen per share for the fiscal year ended March 31, 2013. For the fiscal year ended March 31, 2014, we also plan to pay 4.5 yen per share. Combined with the interim dividend of 4.5 yen per share, the total annual dividend will be 9 yen per share, which is the same as the previous fiscal year.

For the fiscal year ending March 31, 2015, we currently plan to pay an interim dividend of 5 yen and a year-end dividend of 5 yen per share, for a total annual dividend of 10 yen per share, which is an increase of 1 yen compared to the previous fiscal year.

## **4. Management Policies**

### **<Fundamental Policy for Corporate Management>**

Shimadzu has maintained "Contributing to Society through Science and Technology" as its corporate philosophy ever since its foundation. Beginning in 1989, this corporate philosophy was expressed in terms of Shimadzu's current status—"Realizing Our Wishes for the Well-being of both Mankind and the Earth," which was established as Shimadzu's management principle. Since then, this management principle has represented Shimadzu's fundamental policy for corporate management.

Then, in April 2012, Shimadzu established a brand statement for the entire Shimadzu Group—"Excellence in Science." This brand statement expresses our core attitude and strong dedication to continuously embrace new challenges in our pursuit of achieving excellence in science.

The Shimadzu Group is committed to achieving our social mission by relentlessly striving to use our various core technologies, such as chromatography, mass spectrometry, spectrophotometry, X-ray imaging, image processing, high speed rotation, hydraulics, precision machining and fabrication, and nanotechnology, to supply products and services that satisfy the needs of customers in a wide range of fields, such as advanced devices for supporting R&D, inspection devices for ensuring safety and peace of mind, diagnostic imaging devices for supporting clinical diagnostics, quality control devices vital for a wide range of industrial applications, and other fields involving parts or systems with high functionality, such as precision machinery parts and high-functionality devices.

### **< Medium-Term Corporate Management Strategy and Issues to Be Resolved >**

The Shimadzu Group achieved record net sales in FY 2013 due to our commitment to continuously improving corporate value based on our long-term vision "Toward Becoming a True Global Business." This year we start a new medium-term management plan (from April 2014 to March 2017). This plan focuses on increasing Shimadzu's corporate value by implementing growth strategies and reforming the profit structure, and strengthening the global organization and capabilities necessary to implement such measures, based on the basic policy of "Become an Innovative Company Contributing to the Growth of Customers Globally."

The intent of the growth strategies is to challenge ourselves to raise our approach to a higher level, from our previous approach of providing solutions based on satisfying customer needs to a new approach of providing innovative solutions that stimulate customer markets and cause them to grow, and also result in creating new markets.

Specific strategies and measures include the following.

(1) To further raise the level of Shimadzu's core technologies for globally strategic products in segments where Shimadzu is particularly strong, such as mass spectrometers, chromatographs, diagnostic X-ray systems, and so on, we will selectively increase R&D budgets. Furthermore, we will supply globally number-one or truly unique products that contribute to the growth of customer markets by applying the advanced technological capabilities cultivated by Shimadzu to satisfy the latent needs of customers, beyond the immediate solutions they may be seeking.

(2) We will take on the challenge of developing innovative applications and systems and building new business models by expanding our participation in joint research projects with globally leading research institutions and researchers. In this way, we will accelerate the development of businesses in medical, environmental, energy, and other areas where there are challenging problems for society, so that we can offer value that benefits society.

(3) In newly emerging economies, which will continue to provide the engine for growth in the future, we will focus on establishing a business base that will allow us to capitalize on such growth potential. In China, where markets are continuing to grow, we will use our R&D center in Shanghai to fully engage in introducing highly competitive products tailored to local market characteristics and needs. In addition, we will expand the line of items being developed for the volume zone. At the same time we will establish a new MS (mass spectrometer) center in Beijing to establish Shimadzu's brand strength in high-end segments as well by jointly developing environmental, drug discovery, and safety/security applications with local advanced research institutions or others. Meanwhile, in ASEAN and India regions, where future growth is expected, we will establish production sites that are consistent with increased sales and strengthen sales channels in key countries, to establish a business base in terms of both manufacturing and sales.

(4) To establish a stable profit base, we will expand and develop the aftermarket business globally. We will establish a profit base that is unaffected by changes in market conditions by offering customers service plans that are optimized to product life cycles and expanding sales of maintenance agreements, parts, and consumables.

To improve the profit structure, we will improve the breakeven point by expanding production in countries other than Japan, increasing the local production ratio, strengthening procurement functions to reduce the materials cost-to-sales ratio, shortening development lead times, promoting lower-cost designs back to the R&D stage, commonizing parts and materials, and promoting the more effective utilization of expenses through improvements in the efficiency of business processes throughout the Group.

We aim to achieve business operations with high asset utilization rates by optimizing manufacturing and logistics capabilities from a global perspective and shortening production lead times.

To support the above growth strategies and improve the profit structure, we will strengthen the global organization and global capabilities. We will give the highest priority to thorough compliance to earn the trust of society. In addition, to build an organization that can respond quickly to changes in business conditions, we will introduce a system that allows viewing managerial information for the entire Shimadzu Group in real time.

Furthermore, we will continue to strengthen measures to improve personnel, organizational, and functional capabilities necessary for future growth by investing in training and acquiring global human resources and management personnel able to execute the strategies, acquiring external resources essential for business growth, and so on.

By means of the measures described above, the Shimadzu Group will continue to improve its corporate value as it strives to "Become an Innovative Company Contributing to the Growth of Customers Globally."

On January 25, 2013, Shimadzu was suspended from participating in contracts with the Japanese Ministry of Defense when it was discovered that Shimadzu had overstated labor hours for manufacturing aircraft components. However, after submitting corrective measures to prevent recurrence and repaying the overcharges, the ministry officially canceled the suspension on March 25, 2014. We take this situation with the utmost seriousness. Therefore, we are committed to implementing measures to ensure thorough compliance and prevent any recurrence and also regain the confidence of society.

**< Management Performance Indicators Used as Goals >**

The Shimadzu Group management performance goals with respect to the three-year medium-term management plan, for consolidated results as of March 2017, are 350,000 million yen in net sales, 35,000 million yen in operating income, and a minimum 50% overseas sales ratio.

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(In million yen)

	As of March 31, 2014	As of March 31, 2013
<b>Assets</b>		
Current assets		
Cash and time deposits	46,028	35,140
Trade notes and accounts receivable	112,193	88,781
Securities	20	
Merchandise and products	36,273	35,201
Work in process	16,934	18,527
Raw materials and supplies	17,509	15,879
Deferred tax assets	7,973	6,535
Other	5,624	4,997
Allowance for doubtful receivables	(1,218)	(986)
Total current assets	241,338	204,076
Noncurrent assets		
Property, plant and equipment:		
Buildings and structures, net	32,133	34,102
Machinery, equipment and vehicles, net	4,470	4,305
Land	18,195	18,532
Leased assets, net	2,365	1,964
Construction in progress	4,817	789
Other, net	7,423	6,471
Net property, plant and equipment	69,405	66,166
Intangible fixed assets	6,958	6,629
Investments and other assets		
Investment securities	10,345	11,948
Long-term receivables	171	378
Deferred tax assets	9,462	7,776
Other	3,482	3,650
Allowance for doubtful receivables	(449)	(366)
Total investments and other assets	23,012	23,387
Total noncurrent assets	99,376	96,183
Total assets	340,715	300,259

	As of March 31, 2014	As of March 31, 2013
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	51,662	48,651
Short-term loans	37,055	18,876
Commercial papers	16,000	
Lease obligations	842	712
Accounts payable	12,074	9,025
Income taxes payable, other	1,715	1,524
Allowance for employees' bonuses	6,770	5,531
Allowance for director's bonuses	265	188
Other	12,272	9,614
Total current liabilities	138,659	94,124
Long-term liabilities		
Long-term debt	805	11,632
Lease obligations	1,688	1,392
Liability for employees' retirement benefits		13,916
Liability for directors' retirement benefits	174	277
Liabilities for retirement benefits	16,699	
Other	693	5,487
Total long-term liabilities	20,061	32,706
Total liabilities	158,720	126,830
<b>Net assets</b>		
Shareholders' capital		
Common stock	26,648	26,648
Additional paid-in capital	35,188	35,188
Retained earnings	119,367	117,053
Treasury stock	(755)	(715)
Total shareholders' capital	180,449	178,174
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	2,994	3,544
Foreign currency translation adjustments	85	(8,420)
Cumulative adjustments to retirement benefits	(1,714)	
Total valuation and translation adjustments	1,365	(4,876)
Minority interests	180	131
Total net assets	181,994	173,429
Total liabilities and net assets	340,715	300,259

**(2) Consolidated Statements of Operations**

(In million yen)

	Year ended March 31, 2014	Year ended March 31, 2013
Net sales	307,532	264,048
Cost of sales	189,572	168,018
Gross profit	117,959	96,030
Selling, general and administrative expenses	93,940	83,913
Operating income	24,018	12,116
Other income:		
Interest income	194	158
Dividend income	175	149
Insurance payments received	239	422
Rent received	89	91
Foreign exchange profit	552	567
Subsidy received	410	294
Other	930	857
Total other income	2,592	2,541
Other expenses:		
Interest expense	389	355
Other	1,416	830
Total other expenses	1,806	1,186
Ordinary income	24,804	13,472
Extraordinary income:		
Gain on sale of property, plant and equipment	8,735	25
Gain on contribution of securities to retirement benefit trust	3,012	
Gain on sale of investment securities	115	5
Total extraordinary income	11,862	31
Extraordinary losses:		
Loss on defense equipment	21,644	
Retirement benefit cost	343	
Impairment loss	263	1,009
Loss on disposal of property, plant and equipment	172	119
Loss on write-down of investment securities	118	156
Other	439	
Total extraordinary losses	22,981	1,285
Income before income taxes and minority interests	13,685	12,217
Income taxes	5,026	4,133
Refund of income taxes for past fiscal years	(1,317)	
Income taxes adjustments	209	487
Total income taxes and income taxes adjustments	3,917	4,620
Net income before minority interests	9,767	7,597
Minority interests in net income	43	18
Net income	9,724	7,578

**(3) Consolidated Statements of Comprehensive Income**

	(In million yen)	
	Year ended	Year ended
	March 31, 2014	March 31, 2013
Net income before minority interest	9,767	7,597
Other Comprehensive income:		
Unrealized gain or loss on available-for-sale securities	(549)	1,548
Foreign currency translation adjustments	5,424	5,352
Adjustments to retirement benefits	1,598	
Total other comprehensive income	<u>6,472</u>	<u>6,900</u>
Comprehensive income	<u>16,240</u>	<u>14,497</u>
Total comprehensive income attribute to:		
Owners of the parent	16,190	14,460
Minority interests	50	37

**(4) Consolidated Statements of Cash Flows**

(In million yen)

	Year ended March 31, 2014	Year ended March 31, 2013
I. Cash flows from operating activities		
Income before income taxes and minority interests	13,685	12,217
Depreciation and amortization	8,050	7,909
Impairment loss	263	1,009
Increase (decrease) in allowance for doubtful receivables	308	(312)
Increase (decrease) in allowance for employees' bonuses	1,145	(449)
Increase (decrease) in allowance for director's bonuses	74	(15)
Provision for (reversal of) accrued retirement benefits for employees		(789)
Increase (decrease) in liability for retirement benefits	(256)	
Gain on contribution of securities to retirement benefit trust	(3,012)	
Interest and dividends income	(370)	(307)
Interest expense	386	355
Foreign exchange (gain) loss, net	(39)	(104)
Net (gain) loss on sale and valuation of investment securities	3	151
Net (gain) loss on sale and disposal of property, plant and equipment	(8,562)	93
(Increase) decrease in trade receivables	(22,433)	(1,159)
(Increase) decrease in inventories	5,040	2,427
Increase (decrease) in trade payables	1,085	(3,123)
Other, net	2,502	(125)
Subtotal	(2,126)	17,778
Interest and dividends received	363	309
Interest paid	(381)	(361)
Income taxes paid	(3,726)	(5,698)
Net cash provided by (used in) operating activities	(5,870)	12,028
II. Cash flows from investing activities		
Purchase of property, plant and equipment	(12,465)	(7,739)
Proceeds from sale of property, plant and equipment	13,693	88
Purchase of investment securities	(793)	(503)
Proceeds from sale of investment securities	122	8
Payments for acquisition of subsidiary capital		(195)
Increase in long term receivables	(23)	(21)
Decrease in long term receivables	243	242
Other, net	(387)	221
Net cash provided by (used in) investing activities	390	(7,899)

	Year ended March 31, 2014	Year ended March 31, 2013
III. Cash flows from financing activities		
Borrowing of short-term loans	8,410	11,644
Repayment of short-term loans	(535)	(672)
Borrowing of long-term debt	474	900
Repayment of long-term debt	(887)	(637)
Issuance of commercial paper	24,000	11,000
Repayment of commercial paper	(8,000)	(11,000)
Payments for redemption of bonds		(10,000)
Cash dividends paid	(2,654)	(2,508)
Dividends payments to minority shareholders	(5)	(5)
Repayment of financial lease	(4,560)	(354)
Payment of finance lease obligations	(836)	(767)
Other, net	(39)	
Net cash provided by (used in) financing activities	15,363	(2,401)
IV. Foreign currency translation adjustments on cash and cash equivalents	1,504	2,142
V. Net increase (decrease) in cash and cash equivalents	11,387	3,869
VI. Cash and cash equivalents, beginning of period	33,842	29,756
Increase in cash and cash equivalents due to the new consolidation		47
Increase (decrease) in cash and cash equivalents due to the fiscal year-end change	(1,300)	169
VII. Cash and cash equivalents, end of period	43,929	33,842

## **(5) Notes on Going Concern**

None

## **(6) Changes in Accounting Policies, Changes in Accounting Estimates, or Restatements.**

### Changes in Accounting Policies

Due to fact that Japan's "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25 issued on May 17, 2012) can now be applied to consolidated financial results for fiscal years starting after April 1, 2013, these accounting standards, and so on, have been applied starting with the current fiscal year.

Consequently, we now use the method where retirement benefit obligations with pension assets deducted are reported as net defined benefit liabilities, with unrecognized actuarial gains/losses and unrecognized prior service costs reported as net defined benefit liabilities. The calculation method for retirement benefit obligations and service costs was also changed, where the basis for period recognition for the estimated retirement benefits was changed from a straight-line basis to the benefit formula. In addition, the method for determining the period used as a basis for the discount rate was changed from a method based on an approximation of the average remaining service period of employees to a method that reflects the estimated payment period for each retirement benefit payment.

Regarding the accounting standards and so on applied for retirement benefits, differences in amounts due to the effects of reporting retirement benefit obligations with pension assets deducted as net defined benefit liabilities at the beginning of the current consolidated fiscal year, were added as an adjustment to retirement benefits, under accumulated other comprehensive income, in accordance with transitional treatment specified in Clause 37 of the Accounting Standard for Retirement Benefits. Also, retained earnings were adjusted by the difference in amounts due to the effects of changing the calculation methods for retirement benefit obligations and service costs.

As a result, the accumulated other comprehensive income decreased by 3,312 million yen and retained earnings decreased by 3,283 million yen at the beginning of the consolidated fiscal year. In addition, operating income, ordinary income, and net income before taxes for the fiscal year all increased by 215 million yen.

## (7) Segment Information

### 1) Sales and income (loss) by reportable segment

Fiscal year ended March 31, 2014 (1 April, 2013 – 31 March, 2014)

(In million yen)

	Reportable segment					Other	Total	Adj.	Amounts
	Analytical & Measuring Instr.	Medical Syst.	Aircraft Equip.	Industrial Mach.	Total				
Sales	182,222	62,760	26,580	29,504	301,068	6,463	307,532		307,532
Sales to Inter-segment	51	8	69	72	202	1,247	1,499	(1,449)	
Total	182,274	62,769	26,650	29,577	301,270	7,710	308,981	(1,449)	307,532
Segment income(loss)	23,246	2,500	(2,388)	2,036	25,395	1,805	27,200	(3,181)	24,018

Fiscal year ended March 31, 2013 (1 April, 2012 – 31 March, 2013)

(In million yen)

	Reportable segment					Other	Total	Adj.	Amounts
	Analytical & Measuring Instr.	Medical Syst.	Aircraft Equip.	Industrial Mach.	Total				
Sales	153,913	55,122	23,124	24,442	256,603	7,445	264,048		264,048
Sales to Inter-segment	39	35	59	40	175	1,097	1,272	(1,272)	
Total	153,953	55,158	23,184	24,483	256,779	8,542	265,321	(1,272)	264,048
Segment income(loss)	12,638	1,909	(1,409)	179	13,317	1,488	14,805	(2,688)	12,116

### 2) For reference

Sales by geographic segment

Fiscal year ended March 31, 2014 (1 April, 2013 – 31 March, 2014)

(In million yen)

Japan	The Americas	Europe	China	Other Asian	Other	Total
164,417	37,120	23,822	48,880	22,136	11,154	307,532

Fiscal year ended March 31, 2013 (1 April, 2012 – 31 March, 2013)

(In million yen)

Japan	The Americas	Europe	China	Other Asian	Other	Total
150,579	27,521	17,556	39,036	19,837	9,517	264,048